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Labor Law

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the dilemma, for, as is said, "the scope and indeed the meaning of each are somewhat clouded."

In the article the author interprets the two opinions and attempts to ascertain their significance in terms of both the 1939 Code under which the case was decided and the 1954 Code currently in force. In determining the validity of the approach taken by both courts, he presents an interesting and informative review of earlier applications of liquidation and reorganization doctrine in similar factual contexts.

In Part III, the relationship of exchanges to reorganizations and the "continuity of interest" test, are discussed, including the ramifications, in this area, of Section 112(b)(3) of the 1939 Code. Part IV is devoted to a discussion of 1934 statutory changes, especially the revision of the reorganization definition in the 1934 Act, and its effect on cases which followed it.

Thus far the author has approached the problem of a parent's acquisition of the assets of its subsidiary from the point of view of recognition of gain or loss to the parent depending upon an exchange pursuant to a reorganization, with the conclusion that, in the case of a wholly owned subsidiary, there could be no reorganization because of lack of continuity of interest or lack of a suitable exchange. At this point Mr. Seplow gives detailed consideration to the nonrecognition features of Section 112(b)(6) of the Internal Revenue Code of 1939.

In Part VI, The 1939 Code Pattern, it is opined that the 1939 Code provisions governing a parent's acquisition of its subsidiary's assets were very unclear in their application. In this vein, the related problem of the so-called "downstream-merger" is discussed.

In conclusion the author points out the changes in the pattern which the 1954 Code revision has effected, examines the future possibilities, and recommends amendment of the 1954 Code so as to require recognition of parent's stock investment in its subsidiary in all cases.

ROBERT F. MCGRATH
Article and Book
Review Editor

LABOR LAW

THE LABOR MANAGEMENT REPORTING AND DISCLOSURE ACT OF 1959, Benjamin Aaron, 73 Harv. L. Rev. 851, 1086 (March, April 1960).

Professor Aaron gives a detailed analysis of the provisions of the Labor Management Reporting and Disclosure Act of 1959, which deals with internal union government and the activities of union officials and employers. The aims and effects of each Section are discussed and evaluated, with due regard for the background from which each was developed.

In a section-by-section analysis of the Act, which has been acclaimed by some as a guarantee of union democracy, the background, debates, and

amendments leading up to the final adopted provisions are discussed, as well as the technical deficiencies and ambiguities found in the statutory language. The evaluation made of each section shows some failing to accomplish their intended purpose. Thus prevention of union membership for racial reasons is still possible because of the failure of the Act to guarantee the right to join a union and share equally in the benefits of membership. On the other hand the section spelling out the details of a member's right to sue constitutes a distinct advance and is commended. A warning is sounded that indifference of members to their union's organization and government must be remedied before labor legislation dealing with the problems covered by the Act can be successful. Although the Act is subject to criticism as an attempt to legislate democracy in a private institution, it is welcomed as establishing standards of conduct for our national labor policy.

In the second part of the article consideration is given to Title VII which incorporates the amendments to the Taft-Hartley Act. Again a provision-by-provision analysis is had of the amendments dealing with secondary boycotts, hot cargo clauses, organizational and extortionate picketing, and the matter of federal and state jurisdiction. Here the author finds the Act reflective of a weakness in our legislative processes in that Congress neglected to make proper use of the expert advice of the Senate Labor Committee with resultant ill-advised changes in the final text of the Act.

The ultimate effectiveness of this section, it is concluded, will depend primarily on moderate and considered administration by the National Labor Relations Board.

Professor Aaron's article gives the reader fuller appreciation and understanding as to exactly what the Labor Management Reporting and Disclosure Act does and does not accomplish, and as such is required reading for those connected with labor or management, as well as those desiring an intelligent understanding of our national labor policy and its trends.

JOHN J. DESMOND, III
Case Note Editor

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ANTITRUST LAW

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